Outcome Goal 2.3 - Provide Worker Retraining

Overview

The National unemployment rate stood at 3.9 percent as of October 2000. However, millions of Americans continue to be displaced from jobs in spite of the low unemployment rates. Worker dislocations -- including those stemming from plant closures, corporate restructuring and foreign trade -- number 3.3 million annually. Although many displaced workers find new jobs quickly, approximately 2 million individuals need re-employment services and 500,000 need training each year. These dislocated workers must be retrained to secure jobs with long-term potential and to overcome barriers to employment, such as low skill levels and English language deficits, in order to re-enter the labor force. Rapid technological and economic change, together with intense global competition, serve to make re-employment and retraining services more imperative.

Serving the Public

The Department's Employment and Training Administration provides worker retraining through three major programs, the Workforce Investment Act (WIA), Title IB (Adult and Dislocated Worker Employment and Training Activities); the Trade Adjustment Assistance (TAA) program; and, the North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA) program. The WIA program for dislocated workers replaces services previously available under the Job Training Partnership Act, and is offered through the One-Stop Centers. The framework for delivering WIA services emphasizes: (a) preventing unemployment, where possible; (b) early intervention following the notification of a plant closing or the loss of jobs; (c) effective service and outreach; and (d) partnerships with employers and employee representatives. All three of the Department's programs serving dislocated workers provide occupational and on-the-job training, job search assistance, relocation assistance, and income support for workers in training to maximize job placement and wage replacement.

Challenges

The rapid change in the economy and labor market has placed a premium on technical skills, and contributed to the closing of outmoded facilities and the displacement of workers whose competencies are less in demand. The challenge for DOL will be to improve the effectiveness of the Dislocated Worker program by identifying workers at risk of future job loss and upgrading their skills in time to prevent unemployment, integrating related program services, and leveraging available resources through the application of technology and other efficiencies.

JOBS FOR DISLOCATED WORKERS

Goal 2.3A: Under the Job Training Partnership Act (JTPA) Title III for dislocated workers, 74 percent of program terminees will be employed at an average wage replacement (compared to their wage at dislocation) of 93 percent at termination; 76 percent will be employed one quarter after program exit at an average wage replacement rate of 97 percent.

Results: This goal was substantially achieved. The average wage replacement rate for participants leaving the program with jobs was 100 percent, and the rate at follow-up rose to 103 percent. The employment rates at program termination and follow-up, 71 percent and 75 percent respectively, fell below the target levels.

Program Description: Though the unemployment rate is currently low, worker dislocations -- from plant closures, corporate restructuring and foreign trade -- continue to occur, and are estimated to impact 3.3 million workers annually. The dislocated worker program seeks to maximize employment and wage replacement, within the framework of the One-Stop centers providing retraining and other One-Stop services, such as access to the Internet, job search related databases and resume writing workshops.

Analysis of Results: The overall performance of the dislocated worker program for the past three years has been positive. Results from the Program Year 1999 Worker Adjustment Program Annual Reports submitted by the States suggest a modest drop in performance on the two employment measures. One possible explanation for the decline from Program Year 1998 is the fact that the States implementing the Workforce Investment Act (WIA) early, which were high performers in previous years, did not report JTPA data. Because of the staggered nature of the transition from JTPA to WIA, six States implementing WIA early -- Vermont, Kentucky, Florida, Indiana, Texas and Utah -- established new WIA participant tracking procedures. Their omission from JTPA reports may have affected the Program Year 1999 national average.

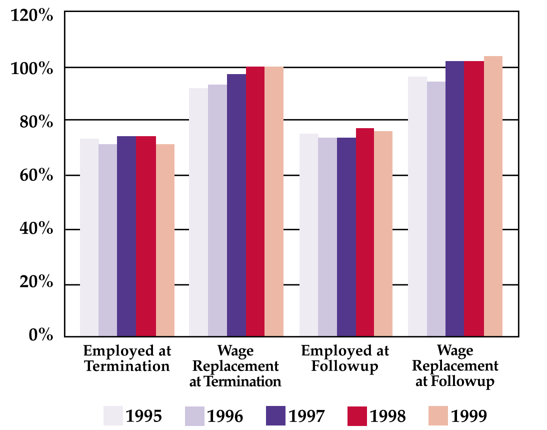
The Department is reviewing the modest nationwide performance decline for Program Year 1999 by reviewing State and local area reports that reflect large changes in performance between 1998 and 1999. A contractor has been engaged to conduct sample site visits to both explain the factors contributing to the decline and give insight into WIA implementation. DOL also launched a major data validation project, with contractor support, to assure greater data integrity and to develop a Technical Assistance Guide on eligibility determination.

The 1999 performance data show that participants received an average of 36 weeks of retraining, and over 94 percent of those in training received occupational training, such as computer programming and

Ronald, was a longtime maintenance employee at a large oil company, and had seen one layoff after another as oil production gradually declined in Western Texas. When Ronald lost his job after 19 years, he knew that a career change was in order. At age 49, he was able to take advantage of DOL's dislocated worker assistance program to complete his college degree. After receiving his BA in history from a State University, Ronald found a job as a social studies teacher at a local junior high school. Says Ronald: "This career change came at just the right time. I've never been happier in my life."

accounting. Nearly 11 percent of those in training received basic skills training. Supportive services, such as child care and transportation, were provided to 32 percent of all participants who exited the program.

JTPA, Title III Dislocated Worker Program:
5-Year Trend for Employment and Wage Replacement Rates (Program Years 1995-1999)



Strategies: Under DOL leadership, a national workgroup was created to improve rapid response assistance and disseminate effective practices to cover all dislocated worker issues. Workshops conducted by the group covered such topics as layoff aversion strategies, meeting the challenge of dislocated workers from different cultures, and working with employers and organized labor.

Another major effort involved strategies to respond promptly and effectively to employer-identified skill shortages. Demonstration programs were funded to respond to shortages in manufacturing industries and to assist the creation of regional partnerships between employers, local boards, and other stakeholders to respond to skill training needs.

The Department is also supporting projects to upgrade skills of incumbent workers, including those employed in low-skill jobs or those with obsolete job skills. In addition, the Department issued grants enabling 29 States to build systems for training incumbent workers. The main goals of these projects are to raise employer awareness of the value of incumbent worker training, link the public workforce system and existing incumbent worker training activities, and promote greater involvement by the public workforce system in such activities.

Goal Assessment: Future performance goals have been revised to reflect the requirements of the Workforce Investment Act. The new goals will focus on employment, employment retention in the third quarter after exit, and post-program earnings replacement.

Program Audit: The Department of Labor's Office of Inspector General (OIG) completed an audit of the dislocated worker program in FY 2000. The OIG found that: (1) programs were not predominantly serving persons who were victims of plant closings or mass layoffs; (2) 35 percent of program participants were ineligible or documentation was insufficient to establish their eligibility; and (3) the standard allocation formula may not distribute dislocated worker funds where they are most needed. The Department has responded that the OIG's report does not adequately consider the authority vested in State and local governments and the need for flexibility in addressing local labor-market conditions. A number of actions are being taken to address the issues raised in the report (see Appendix 3). ■

HELP TRADE-AFFECTED WORKERS FIND NEW JOBS

Goal 2.3B: 72 percent of Trade Adjustment Assistance (TAA) and NAFTA Transitional Adjustment Assistance (NAFTA-TAA) program participants will be employed upon termination and achieve at least 80 percent of their pre-separation wage.

Results: This goal was substantially achieved. The reemployment rate for NAFTA-TAA program terminees was 64.6 percent -- against a target of 72 percent. Wage replacement at reemployment was at an average of 106.8 percent, significantly exceeding the target of 80 percent.

Program Description: DOL's TAA progam provides readjustment services to dislocated workers where increased imports contributed importantly to their separations. DOL's NAFTA-TAA program provides readjustment services to dislocated workers where increased imports from Canada or Mexico, or a shift of production to Canada or Mexico, contributed importantly to their separations. These services and benefits include occupational, on-the-job, and remedial training, job search assistance, relocation assistance, and income support for workers in approved training.

Under the TAA program in FY 2000, an estimated 25,000 workers were enrolled in classroom and on-the-job training, 250 workers received job search assistance, and approximately 400 workers were provided relocation allowances. Under the NAFTA-TAA program, 4,800 workers were enrolled in classroom and on-the-job training.

Analysis of Results: FY 2000 was only the second year of operation for the Trade Act Participant Report (TAPR), and several States continue to have difficulties gathering and reporting complete and accurate participant outcomes data. Summary data available for FY 2000 show a reemployment rate at termination of 64.6 percent, as compared to the 73.4 percent achieved in FY 1999. A review of wage record data conducted by the Department indicates a higher rate for FY 2000.[1]

DOL instituted the TAPR and established performance standards during FY 1999. The success of the TAPR system depends on the States' ability to track those exiting the program and gather accurate data on their reemployment status and post-program wages. However, not all States have been able to fully accomplish this task. The Department's Employment and Training Administration is currently reviewing the technical difficulties the States are experiencing in trying to correctly report this information.

For FY 2001, the TAPR system has been thoroughly revised to make it more compatible with the system to be used for the Dislocated Worker

Michael thought his career had ended when he was laid off from a manufacturer in Wisconsin. He had been at the company for 25 years, ascending the corporate ladder, but at 49, even with a college degree in business administration, he was unable to find work in Rusk County's economically depressed market. With the help of DOL's Trade Adjustment Assistance (TAA) program, Michael went back to school to pursue a degree in social work. With TAA supporting the cost of his education, he made the Dean's List every semester and graduated with a 3.96 grade point average. He took a job with Rusk County as a social worker and is already earning as much as he had before, while also serving his community.

program under the Workforce Investment Act. The revised system will rely on wage record data to show reemployment and wage replacement, which should increase the completeness and accuracy of the information.

Goal Assessment: For FY 2001, targeted performance levels for this goal have increased. The goal provides for 73 percent of the participants to be employed as they leave the program. Wages for the second and third quarters after completing the program are targeted to average at least 82 percent of total wages received during the second and third quarters prior to the participants' trade-impacted separations.

Program Evaluation: The General Accounting Office (GAO) conducted an audit of Trade Adjustment Assistance in FY 2000. GAO found: (1) Differences in the TAA and NAFTA-TAA programs' statutory requirements governing certification and training enrollment complicate program administration and prevent some workers from entering suitable training; (2) The absence of a statutory time limit on training in TAA and some other benefits means that workers may collect benefits many years after being certified as trade impacted; and (3) Internal control weaknesses may result in workers getting benefits that they are not eligible to receive.

A number of actions are being taken to address the issues raised in the report. (See Appendix 3.) ■

[1] The lower reemployment percentage for FY 2000 is believed to be the result of discrepancies in the data submitted by the States. A review and analysis of wage record data for terminees reported as unemployed in eight States found a significantly higher number of persons reemployed in those States compared to the information provided on the States' original reports. The increase raises the overall National reemployment rate to 74.8 percent.